



SCOTTSDALE HOUSING BOARD
One Civic Center 3rd Floor Conference Room
7447 E. Indian School Road, Scottsdale AZ 85251
February 10, 2004
MINUTES

PRESENT: Barbara Williams, Chair
Robert Southworth, Vice Chair
Jeffrey Burg
Del Monte Edwards
Gary Morgan
Tamela Nagy
Joseph Priniski

STAFF: Molly Edwards, Staff Liaison
Mark Bethel, Community Assistance Manager
Diane Kallal, Sr. Grant Program Specialist
Beverly Johnson, Sr. Grant Program Specialist
Jack Miller, Grants Accountant

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

John Bitnec, Human Relations Commission

CALL TO ORDER

Chair Williams called the regular meeting of the Scottsdale Housing Board to order at 5:00 p.m.

Chair Williams introduced Mr. Gary Morgan as the newly appointed Board member.

Chair Williams asked the Board members and staff to go around the table, introduce themselves, and provide background information to enable the Board to get to know each other. Self-introductions were made.

APPROVAL OF MINUTES

Board member Southworth made a motion to approve the minutes of the January 13, 2004 meeting as presented. The motion was seconded by Board member Nagy and passed unanimously.

PUBLIC HEARING ON PROPOSALS SUBMITTED FOR HOUSING RELATED CDBG AND HOME FUNDS

Mr. Bethel reported this evening is mid-point in a funding process that began in October with a pre-application orientation and will end in July with the execution of a grant agreement with HUD and sub-recipient contracts with agencies for services and development in the next fiscal year.

He stated the process of preparing a funding recommendation to the Human Services Commission will be a difficult one. The funds available from CDBG Housing activities and HOME Funds total \$1.6 million (\$1,598,344). This year they received requests for more than \$2.5 million (\$2,554, 155). This year, as in every year, there are more legitimate needs for many times the amount of money that is available for allocation. The Board needs to have the opportunity to find out as much information as they need to be able to make their best recommendation to the Human Services Commission.

He further stated eight presentations have been scheduled for tonight. The applications were distributed to members of the Board at the January meeting. If the staff has had questions or concerns that they felt the Board should be aware of, they have given that information to them already. The evaluation (blue) sheets were sent to the agencies as well so that they would have the opportunity to address these issues in writing before their presentation this evening.

He remarked in order for the Board to hear all the presentations they have asked the presenters to limit their presentations to 10 minutes. The Board may then take as long as they need to ask questions.

He reminded them the Housing Board Special Meeting that will be held next Tuesday, February 17th at 5pm at this location. The purpose of that meeting is for the Board to conduct an informal discussion regarding tonight's presentations and develop their funding recommendation to the Human Services Commission.

Chair Williams read the Conflict of Interest Statement into the record:

“The Arizona conflict of interest laws are found in Arizona Revised Statutes Sections 38-501 through 38-511. They apply to public officers and employees of various public bodies and political subdivisions, including city boards and commissions, such as the Human Services Advisory Commission.

The Statutes prohibit public officers and employees from engaging in certain types of activity or conduct, including participating in or voting upon contracts or other matters in which they, or a relative have a substantial interest. A “substantial interest” is defined as “any pecuniary or proprietary interest, either direct or indirect”.

Chair Williams inquired if anyone wished to make known a conflict of interest, for the record, at this time?

Board Member Edwards reported that he has a business relationship with CSA but that relationship does not have anything to do with the City of Scottsdale his interest is with the City of Phoenix. Mr. Bethel stated that although there isn't a conflict of interest, he requested that during the presentation Board Member Edwards abstains from the discussion.

Michelle Marshal, City of Scottsdale Community Assistance Office Housing Rehabilitation Program, presented the Board with an overview of this program. She discussed the qualifications for this program. She described the home repairs that are eligible.

The Board members asked a series of questions regarding the income eligibility requirements. Ms. Marshall reviewed the program requirements.

Chair Williams inquired if the people at 80 percent are unable to get money elsewhere to rehab their house. Ms. Marshall replied as far as she understood there were not any other programs. Chair Williams stated there are banks that do second loans so she thought there would be people who are at 80 percent of the median who would have equity in their house and would be able to afford the second loan payment.

Mr. Bethel inquired how many of the applicants are elderly or disabled. Ms. Marshall replied approximately 75 percent of the applicants are elderly or disabled. Mr. Bethel inquired if the elderly are at 80 percent income. Ms. Marshal replied 50 percent or lower.

Board member Priniski remarked in prior years, they completed the same number. He inquired what made them think they could complete double the number this year. Ms. Marshall replied in the application they have requested additional funding for another rehab coordinator to help implement the program.

Chair Williams reported last year money was allocated to this program and FSAL Senior Living program. She inquired if they are still using the same wait list. Ms. Marshall provided an overview on how the wait list is managed. Mr. Bethel noted there is not a separate FSAL wait list that there is only one wait list that is managed by the City of Scottsdale Rehab Program.

Carrie Smith, FSAL Programs, Inc. Emergency Repair Program, stated FSAL is an affiliate corporation for the Foundation for Senior Living. She presented the Board with

an overview of this program. She described the types of services that they provide and the number of households they have served.

Board Member Edwards stated the information they received indicated that 85 percent of their clients were satisfied. He inquired what happened to the other 15 percent. Ms. Smith replied some clients had greater expectations than what the program guidelines offer. The repairs are focused on health and safety. Board Member Edwards inquired if they cover in the initial meeting with the client the scope of work. Ms. Smith replied in the affirmative.

Board Member Priniski inquired if the City lowered the cap. Ms. Smith replied the City did not lower the cap last year but they ran out of funding early so a lot of people did not get served toward the end of the funding year. She reported they have focused on ways of being more efficient.

Chair Williams inquired when they ran out of funds were they able to refer these people elsewhere. Ms. Smith replied in the affirmative.

Board Member Berg inquired how many man-hours go into determining income eligibility. Ms. Smith replied it varies but they have one half time employee assigned to that task.

Board member Priniski inquired about the number of elderly receiving the emergency service. Ms. Smith replied that she did not have the exact figure but more or less the majority is elderly.

Ms. Smith presented the Board with an overview of the Housing Rehabilitation Program. She described the types of services that they provide and the number of households they have served. She reported the focus of this program is to bring these homes to meet the housing quality standards. She reviewed the eligibility requirements. She noted if the repairs exceed the program cap of \$23,500 they are ineligible for the program.

Board Member Nagy inquired if the repairs exceed the cap where do they go. Ms. Smith replied they refer them to social services or to a low income-housing complex.

A representative from FSAL provided examples of why houses would exceed the funding cap.

Ms. Smith remarked some of the communities in Maricopa County have increased the cap up to \$35,000 because of the land value and to try and restore the community. She further remarked that it has been a while since Scottsdale has raised the cap.

Board Member Edwards inquired if there was a discussion regarding pulling the lead based paint abatement out of the \$23,500. Mr. Bethel noted it is a separate line item. Board member Southworth inquired if they had significant lead base paint problems. Ms.

Smith replied there are pockets throughout the community. Chair Williams inquired if there was a fund through HUD for lead base paint abatement. Mrs. Bethel replied it is only for Phoenix because of the size of their population.

Brian Swanton, Community Services of Arizona First-Time Homebuyer Program, presented the Board with an overview of this program. He described the types of services that they provide. He reported that all of the participants in this program must complete homebuyer education counseling. He provided a brief history of this program.

A representative from CSA reported in the last month there has been a great demand to attend the home ownership classes. She reviewed the home ownership client work sheet. It was noted that they use the Section 8 qualification criteria for determining the gross monthly income.

Chair Williams inquired how many of their clients will buy a home in Scottsdale. Mr. Swanton replied they have had four homebuyers most, of which bought townhomes noting that is the last affordable option for the low-income population. He noted that is fine because they are still able to build equity. He further noted their ultimate goal is to educate buyers regardless of whether they buy homes in Scottsdale or other parts of the Valley.

Board Member Nagy inquired about the percentage of people who take the class become homeowners someplace else. Mr. Swanton noted a lot of the people make the determination that they are not ready either because of credit problems or other income issues. He further noted he would say about half of the participants' end up purchasing a home. The benefit is that they would be better consumers regardless if they are able to purchase a home.

Board member Priniski inquired if these people are renting in Scottsdale. Mr. Swanton replied sometimes or they are working in Scottsdale. He reported they give preferences to people who are either living or working in Scottsdale.

Chair Williams inquired how they leverage their funds. Mr. Swanton provided an overview of how they are able to leverage their funds noting this is a highly leveraged program.

Chair Williams inquired if Scottsdale would benefit from any new construction. Mr. Swanton replied there is no land in Scottsdale.

Aaron Kuhl stated that he is representing himself and his wife who was unable to attend. He further stated he was before the Board a few years ago under Western Solutions, Inc. He discussed his experience working in affordable housing. He provided an overview of his proposal. He provided examples of how his proposal would assist current Section 8 recipients.

Mr. Kuhl reported they were able to secure private funding to be used as a match for the HOME funds.

Chair Williams inquired if they are required to be a non-profit in order to receive funds. Mr. Bethel replied no; however, most agencies applying for CDBG and HOME funds are non-profits since their stated mission is to develop and manage affordable housing properties. He provided information regarding how these funds are to be used. He reported the City of Scottsdale is ultimately responsible for the funds and if the property were to no longer conform to the HUD regulations the City of Scottsdale would be liable to pay those funds back. Chair Williams inquired if Mr. Bethel was sensing any risk regarding how this proposal is structured. Mr. Bethel remarked the match would be considered ineligible because cash contributions from investors, applicants for or recipients of HOME assistance are ineligible sources of cash match per CFR92.220(b)(4). He reviewed the typical acceptable sources of cash match that fall within the guidelines. He further remarked that HUD wants the money to stay in the project.

Mr. Kuhl remarked he looked up the legal code and he believed the match that is provided by his parents is eligible. Mr. Bethel explained that by his parents giving him the money they become investors. He further explained if they are asking for HOME funds they have to comply with the federal regulations.

Mr. Bethel stated he would not recommend funding without full endorsement from HUD and a legal opinion on the proposal. A discussion ensued regarding possible ways that they could make this proposal work.

Board Member Berg stated he thought it was important that when people come in with a proposal that is good for the community that they don't discourage them but rather find a way to make the proposal work within the confines of the rules for the next go around.

Mr. Kuhl explained they applied for the same grant under an S Corporation a few years ago and did not receive funding so he came back this year as an individual Scottsdale citizen. He reported that there are a lot of things he could be doing with his time other than writing a 30 page proposal but he did so because he felt affordable housing is important to the community. He further reported that he felt his proposal is within the legal guidelines. He remarked they are even willing to put \$10,000 in an escrow account. He further remarked if they do not fund his idea he requested that they pass it along to someone else because he felt it would benefit the community.

Board Member Southworth inquired if this proposal has been presented to HUD for their opinion. Mr. Bethel replied the eligibility requirements for cash contributions are clear-cut but if the Board desired, he could request an opinion from HUD.

Janice Parker, Save the Family, She presented the Board with an overview of this program. She described the types of services that they provide and the number of people they have served.

Chair Williams inquired about the number of units they would be purchasing. Ms. Parker replied five transition units and four affordable rental units.

Board Member Edwards inquired if they have identified the property they wish to purchase with these funds. Ms. Parker replied they are looking at all different properties noting they have been working with a Realtor for a number of years that knows the area. She stated they have a rental property they use for transition service that they are trying to convince the out-of-state landlord to allow them to purchase.

Chair Williams inquired how they are able to leverage their funds. Ms. Parker replied that they are very frugal with their funds have a lot of volunteers and receive in kind donations.

Chair Williams noted that most of their services are in Mesa and that they don't have a lot of families in Scottsdale. Ms. Parker replied they have a Resource Coordinator that is a case manager for the units in Scottsdale area and they have vans that transport clients back to the facility for programs. They also pay for their children's tuition to go the Boys and Girls Club and for other children's programs.

Chair Williams inquired if they are working with a savings institutions. Ms. Parker replied in the negative.

Brian Swanton, Community Services of Arizona CSA/Scottsdale Rental Housing project presented the Board with an overview of this program. He described the types of services that they provide. He provided information on how they have leveraged the HOME funds with private loan funds to accomplish the rehabs. He stated because the cost of housing in Scottsdale has dramatically gone up it is very important for them to leverage their funds and use other resources. They want to preserve the affordable stock of housing in Scottsdale. He discussed the properties they have acquired in Scottsdale. He provided information on the property they attempted to purchase last year but because of the lead based paint issues and the high cost of abatement had to determine that project was unfeasible.

Brian Swanton, Community Services of Arizona CSA/Rehabilitation project presented the Board with an overview of this program. He reported they have recently acquired 16 units in Scottsdale on two different properties and they are combining the HOME Funds they received for the last two years that would have been used for the project that fell through because of the lead base paint issues. He reported they are asking another allocation to rehab these 16 units of rental housing to cover the shortfall. He discussed how they are able to leverage their funding. He reported they have started the rehab to address health and safety issues.

Chair Williams inquired if these units are occupied. Mr. Swanton replied half are occupied and half are vacant. He stated they screen would people to ensure they meet all of the federal requirements.

Chair Williams inquired about the closing date. Mr. Swanton replied October 2003.

Mr. Bethel requested Mr. Swanton provide information regarding how they derived there matching funds. Mr. Swanton provided information on the federal requirements for eligible funds for matching grants and discussed how they derived their matching funds.

Chairs Williams requested Mr. Bethel refresh their memories regarding the budget. Mr. Bethel reported the funds available from CDBG Housing activities and HOME Funds total \$1.6 million (\$1,598,344). This year they received requests for more than \$2.5 million (\$2,554, 155). Mr. Bethel discussed that the Housing Board's recommendations would go with the other funding recommendations discussed by the Human Services Commission to the City Council. He added that there were additional amounts of HOME funds that were awarded to consortium members American Dream Down Payment program. For FY 03/04 the Community Assistance Office (CAO) will receive \$33,672 and for FY 04/05 they will receive \$25,971. The CAO could not incorporate this additional funding in this year's proposal process and will therefore go out to bid for a separate proposal process. He added that this additional funding and separate proposal process will be discussed in the Action Plan that will be presented to the City Council on April 20, 2003.

He reminded them the Housing Board Special Meeting that will be held next Tuesday, February 17th at 5pm at this location. The purpose of that meeting is for the Board to conduct an informal discussion regarding tonight's presentations and develop their funding recommendation to the Human Services Commission.

Board Member Nagy stated that during the presentation from Mr. Kuhl she thought he looked familiar and it occurred to her that he interviewed her a few years ago for a job that she did not get. Mr. Bethel reported there would not be a conflict.

Board Member Edwards stated he noticed Commissioner Bitnec had a name badge. He inquired if the Board Members' should also receive a badge. Ms. Edwards replied that they receive their badges when they attend the Boards and Commissions orientation.

OPEN CALL TO THE PUBLIC

There was no public testimony.

ADJOURNMENT

A motion was made by Mr. Southworth to adjourn the meeting. Mr. Prince seconded the motion. The regular meeting of the Scottsdale Housing Board was adjourned at 7:45 p.m.

Respectfully Submitted,

"For the Record" Court Reporters